

State of Alaska FY2008 Governor's Operating Budget

Department of Environmental Conservation Solid Waste Management Component Budget Summary

Component: Solid Waste Management

Contribution to Department's Mission

Environmental protection by requiring appropriate management of Alaska's landfills and safe pesticide use.

Core Services

- Review and approve permit applications including plans for design, operations, monitoring, management, construction, and closure; issue permits for solid waste treatment and disposal facilities; and review monitoring results.
- Inspect landfills to verify their compliance with permit requirements and state solid waste regulations.
- Monitor closed landfill sites.
- Train and certify pesticide applicators.
- Register and monitor the sale, use, and storage of pesticides.
- Conduct inspections of pesticide distributors and applications of restricted use pesticides to ensure compliance with the Worker Protection Standards.
- Conduct inspections to ensure commercial pesticide application is done in accordance with the Endangered Species Act and Clean Water Act.
- Review water and sampling results for pesticides to ensure protection of ground water and surface water and report findings to the Environmental Protection Agency.
- Issue and monitor pesticide permits.

| End Results | Strategies to Achieve Results |
|--|--|
| <p>A: Landfills and pesticides are not sources of pollution.</p> <p><u>Target #1:</u> 100% of Class I and II municipal landfills, regulated industry landfills, and storage/transfer areas are properly located, authorized/permited, and operating landfills.</p> <p><u>Measure #1:</u> % of Class I and II municipal landfills, industrial landfills and storage/transfer areas that are properly located, authorized/permited and operating landfills.</p> | <p>A1: Establish protective standards for Solid Waste.</p> <p><u>Target #1:</u> Solid Waste regulations will be revised, adopted and implemented by the end of FY2008.</p> <p><u>Measure #1:</u> % of solid waste regulations and standards complete.</p> <p><u>Target #2:</u> Pesticide regulations are revised, adopted and implemented by the end of FY2007.</p> <p><u>Measure #2:</u> % of pesticide regulations and standards complete.</p> <p>A2: Issue Solid Waste permits timely.</p> <p><u>Target #1:</u> 90% of permit/authorizations are processed within 120 days of receiving required documentation.</p> <p><u>Measure #1:</u> % of permit/authorizations processed within 120 days of receiving required documentation.</p> <p>A3: Strengthen Solid Waste Program Enforcement.</p> <p><u>Target #1:</u> Implement enforcement program for Solid Waste by FY2008.</p> <p><u>Measure #1:</u> % of enforcement program implemented for Solid Waste.</p> |

Major Activities to Advance Strategies

- Implement the landfill location risk-based model.
- Evaluate, revise and start implementation of a risk-based statewide inspection and compliance plan.
- Implement a self-audit program for landfill owners based on different risk levels.
- Inspect landfills based on level of risk.
- Inspect for non-compliance of pesticide regulations and the Worker Protection Standard.
- Process pesticide application permits.
- Provide compliance assistance to and inspect public places, including schools, relating to pesticide use.
- Register pesticides for sale, distribution and use in the state.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,261,800

Personnel:

| | |
|--------------|-----------|
| Full time | 22 |
| Part time | 0 |
| Total | 22 |

Performance Measure Detail

A: Result - Landfills and pesticides are not sources of pollution.

Target #1: 100% of Class I and II municipal landfills, regulated industry landfills, and storage/transfer areas are properly located, authorized/permited, and operating landfills.

Measure #1: % of Class I and II municipal landfills, industrial landfills and storage/transfer areas that are properly located, authorized/permited and operating landfills.



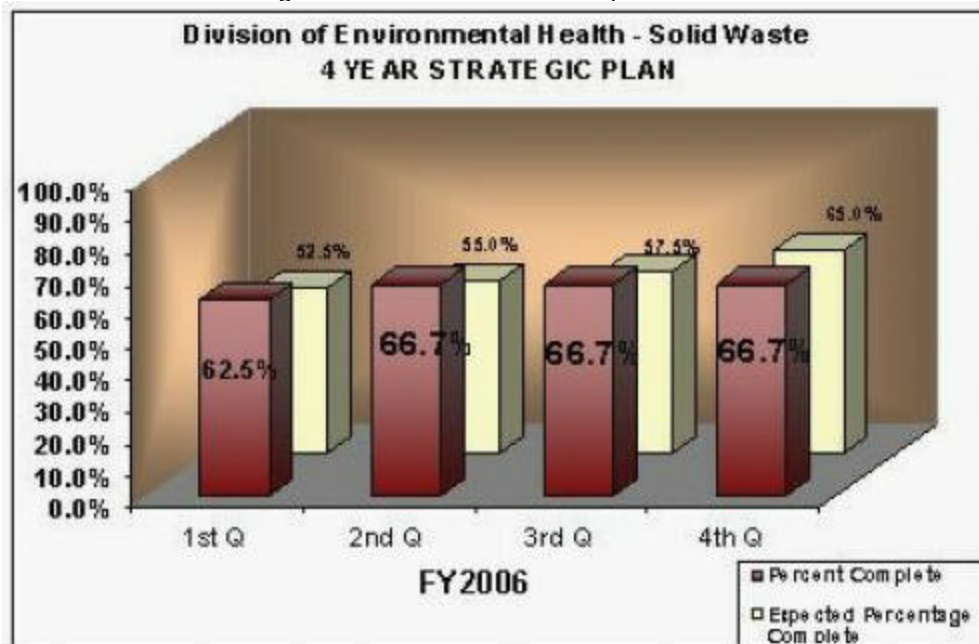
Analysis of results and challenges: All municipal landfills that receive more than 5 tons of waste per day and

all disposal sites associated with industrial activities (oil & gas, construction, mining, and agriculture) are required to have a permit. The Solid Waste Program issues these permits and tracks the overall compliance rate by comparing the number of active permits to the number of sites that require a permit. Although the goal is that 100% of these facilities are permitted, two factors in how permits are tracked affect the Solid Waste Program's ability to reach that goal. One factor is that permits are renewed every five years. When a renewal application is received, the permit status for the facility is changed in the Solid Waste Program database from "current" to "in process". Thus, any facilities that are in the process of renewing their permits are not counted as having a permit. Another factor is that proposed facilities are entered into the database and the tracking system before the initial permit is issued and before the facility begins operations. Thus, proposed facilities are included in the count of facilities that need a permit but are not counted among the facilities that have a permit. The significance of these factors is dependent on how many permits are being renewed or how many new facilities are being permitted at the time the measure is reported.

A1: Strategy - Establish protective standards for Solid Waste.

Target #1: Solid Waste regulations will be revised, adopted and implemented by the end of FY2008.

Measure #1: % of solid waste regulations and standards complete.



Analysis of results and challenges: Solid Waste Program effectively manages waste disposal in communities that produce more than 5 tons of municipal solid waste per day by issuing individual permits to the landfills serving those communities. Currently, small communities producing less than 5 tons of municipal solid waste per day are also required to have a permit but only 25% of the Class III communities have permitted landfills. Since the permit process is difficult for small communities with limited resources, a simplified authorization process is needed to improve the permitting rate among small communities. As such, the department is in the process of changing the structure of the solid waste program.

As a first step in this process, legislation was requested and passed in 2004 that gave DEC the ability to authorize disposal activities by regulation (i.e. prior authorization) rather than solely by permit. To utilize this new authority, it is necessary to revise the solid waste regulations. Efforts to revise the regulations have proceeded steadily and a draft package of revised regulations was completed by the end of FY2005. Much of FY2006 was spent on internal review of the draft regulations and revision of the regulations in response to review comments. Internal review of the revised draft regulations is currently underway. No further progress can be tracked on this measure until a draft package of regulations is released for public comment.

Target #2: Pesticide regulations are revised, adopted and implemented by the end of FY2007.

Measure #2: % of pesticide regulations and standards complete.

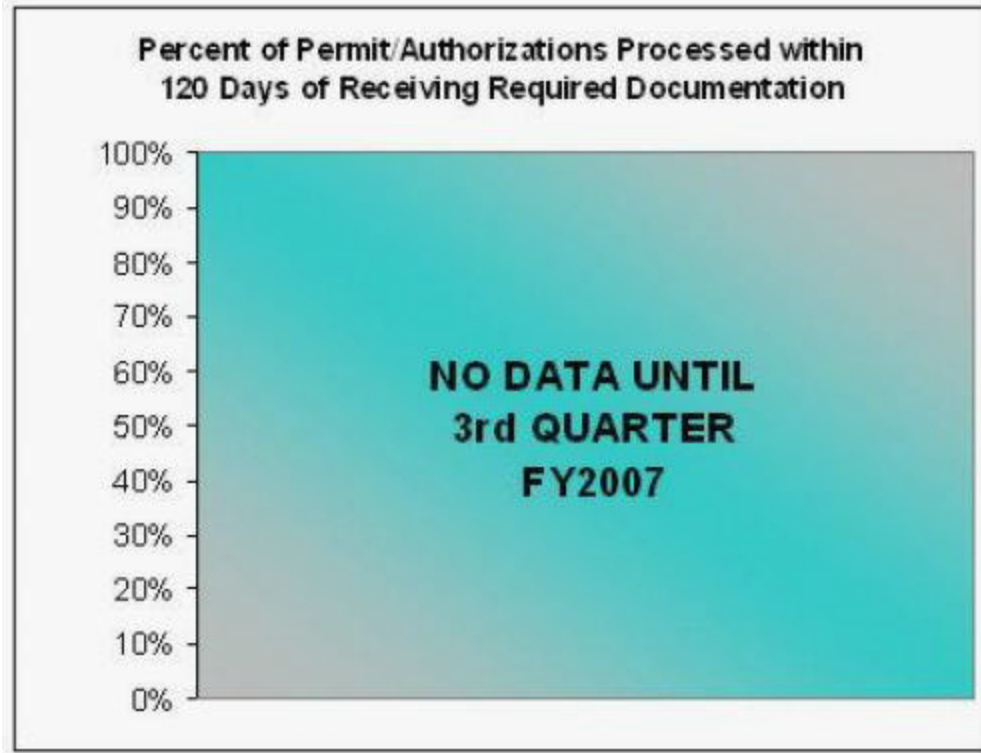


Analysis of results and challenges: This is a new Target and Measure that will be implemented by the end of FY2007.

A2: Strategy - Issue Solid Waste permits timely.

Target #1: 90% of permit/authorizations are processed within 120 days of receiving required documentation.

Measure #1: % of permit/authorizations processed within 120 days of receiving required documentation.

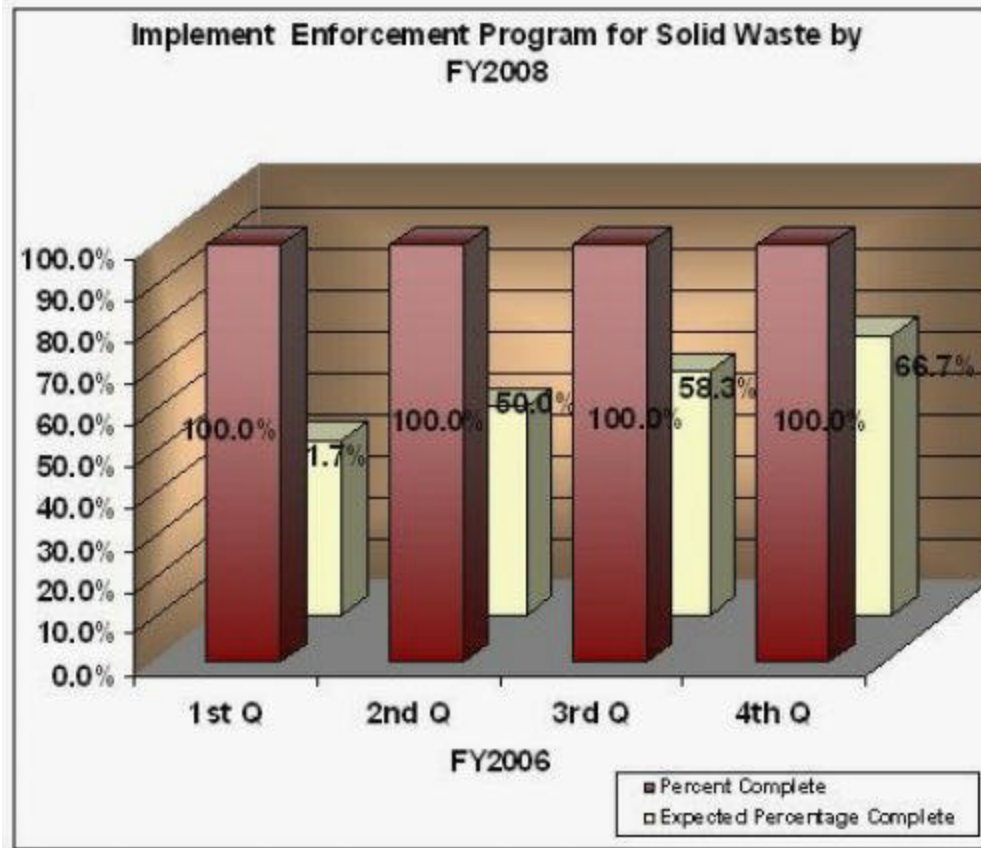


Analysis of results and challenges: Tracking the time it takes to process a Class I, Class II, and industrial permit is a new measure for the Solid Waste Program. A new database is under development and is scheduled to be in place by the third quarter of FY2007. Once the new database is functional, the data for the first two quarters of FY2007 will be entered and reporting of this measure is expected to begin at the end of the third quarter of FY2007.

A3: Strategy - Strengthen Solid Waste Program Enforcement.

Target #1: Implement enforcement program for Solid Waste by FY2008.

Measure #1: % of enforcement program implemented for Solid Waste.



Analysis of results and challenges: The Solid Waste Program undertook major restructuring of the permitting process and development of "prior authorization" procedure for municipal and industrial landfills. With these revisions and new structures, the Solid Waste Program evaluates non-compliance with landfill permitting and prior authorization to determine the appropriate level and type of enforcement for violations. A policy has been established for how formal enforcement will proceed when such action is necessary. With the policy in place, the measure is reported as 100% complete and will be removed at the end of FY2006.

Key Component Challenges

Non-compliance of solid waste regulations, particularly in small communities, continues to pose risks to public health and to the air, water, lands, and subsurface lands of the state. To resolve these problems, the program is shifting from the standard permit type program to a risk-based approach. This will link the high, medium, low levels of risk of a landfill to the appropriate department permit or appropriate authorization. Although needed statutory changes have been made, this significant shift in program philosophy still requires a major regulation revision and re-structuring of workloads based on risks posed from landfill location. As part of this philosophical shift and to streamline and enhance program performance, the program has developed new application forms, best management practices for Class III landfills, self-audit programs, and other tools that relate to the various risk levels. Until the risk-based strategies are approved for implementation, the program will continue to maintain the current permit program, inspections and on-site compliance assistance to ensure adequate protection of public health and the environment from impacts of improper solid waste management.

Pesticide use in Alaska is consistently one of the most controversial environmental issues in the state. Pesticides are the most regulated group of chemicals in the United States. The Pesticide Program continues to meet the challenges of regulating pesticide use with inspections, certification and training, compliance assistance, permitting, and registration.

Significant Changes in Results to be Delivered in FY2008

DEC OIL AND GAS INTEGRITY MANAGEMENT INITIATIVE

Alaska is experiencing a significant increase in issues concerning integrity management of aging oil production and transportation infrastructure within the state. The number of spills from oil exploration and production facilities is increasing annually. As the average age of Alaska's pipelines and production facilities increases, maintenance issues and oversight of system integrity becomes vitally important to ensure continued safe operation and to reduce the number and severity of oil spills. Aggressive oversight is also important to ensure that revenues from oil production not be reduced or stopped due to inadequate industry maintenance and operational processes.

Along with aging oil transportation infrastructure issues, oil exploration in Alaska is currently on an upswing, necessitating additional resources to accommodate additional facilities and new oilfield operators unfamiliar with state pollution control requirements.

DEC is not keeping pace with the current level of oil and gas activities in Alaska and cannot keep up with the expected increased level of oil and gas integrity issues or exploration and development activities.

- Oil and gas facilities are not inspected for compliance with state environmental laws as thoroughly or as often as required to provide adequate oversight.
- The aging oil production infrastructure requires additional oversight to maintain compliance with state requirements.
- The cumulative impact of oil and gas waste discharges to the air, from the North Slope industrial operations, have not been monitored or measured to assess the aggregate potential harm to land, water, vegetation, wildlife and humans.
- As new oilfield operators enter the state, significant compliance assistance is needed to make sure that state requirements are met.
- There is little communication or collaboration with industry and concerned stakeholders on the planning and design of projects to minimize environmental problems and take advantage of opportunities to promote environmentally responsible development.
- Much of the work carried out on the North Slope is made by contractors whose day to day activities are often not monitored or given departmental oversight due to the current lack of a full-time field presence of staff.

The oil and gas integrity management initiative funds new and enhanced services in the Divisions of Water, Air Quality, Spill Prevention and Response, and Environmental Health. Services fall in two areas 1) inspection, monitoring and compliance and 2) environmental planning, design and consultation.

Inspection, Monitoring and Compliance

DEC will:

ENVIRONMENTAL HEALTH

- Conduct inspections of solid waste units, including temporary storage facilities for drilling wastes and provide compliance assistance to North Slope facilities.
- Increase inspections for temporary storage, reserve pits, and grind-and-inject facilities.

WATER QUALITY

- Conduct water inspections and provide compliance assistance to North Slope facilities.
- Increase inspection rates for high priority wastewater discharges from 50% to 100%.
- Increase inspections for pad and road construction projects from 0% to 50% (approximately 50 projects).
- Conduct independent verification of effluent quality and verification of facility self-reporting on discharge monitoring reports.
- Evaluate ambient water quality through sampling and analyses.

SPILL PREVENTION AND RESPONSE

- Provide a continuous field presence to increase general oversight of all oil field operators including the numerous contractors currently employed by the oil companies.
- Increase the number of drills and exercises conducted to test and determine compliance with oil discharge prevention and contingency plans.
- Increase the number of on-site inspections conducted to determine compliance with discharge prevention.
- Increase inspections of regulated oil and gas facilities to ensure compliance with spill prevention requirements.
- Verify equipment and resources are available and ready in accordance with oil spill contingency plans.
- Increase technical oversight of operations and maintenance practices designed to prevent oil spills and unanticipated shutdowns.
- Investigate complaints on lack of proper oil and hazardous substance discharge prevention, preparedness, and cleanup.
- Increase on-site monitoring and oversight of cleanups and field responses to significant spills.
- Utilize third-party inspectors to assess leak detection and corrosion monitoring practices.
- Utilize third-party subject matter experts to assess and aid in correction of aging infrastructure-related problems.
- Conduct engineering review of pipeline corrosion management planning.
- Implement new regulations for oil flow lines.

Environmental Planning, Design and Consultation

DEC will:

- Work proactively to identify potential environmental and public health issues early in the lease sale planning process when changes can be most effective in preventing future pollution problems.
- Review plans and statements for lease sale plans to identify and avoid or mitigate potential air, land and water quality effects.
- Identify and resolve potential environmental and public health issues early when changes to project designs can be most effective in preventing future pollution problems.
- Review and prepare a single coordinated and consolidated response.
- Develop and implement assessments of the cumulative effects of oil and gas activities on Alaska's environment.
- Increase its participation with stakeholder workgroups to resolve.

ENVIRONMENTAL HEALTH

- Complete review and evaluation of plans for solid waste storage facilities. Plans include engineering plans and specifications, operations plans, and closure plans, including monitoring requirements.

WATER QUALITY

- Evaluate best available technologies to reduce waste quantity and toxicity.

SPILL PREVENTION AND RESPONSE

- Develop standardized technical manuals, scenario guidelines and assumptions.
- Provide technical assistance for contingency plan review.
- Provide full time, on-site technical assistance to industry and consultants.
- Develop educational materials and conduct stakeholder outreach.
- Establish minimum design and construction performance standards for oil spill prevention.
- Review oil and gas leases, plans of operation and EIS reviews to insure adequate measures are in place for spill prevention and response.

The oil and gas integrity management initiative funds new and enhanced services in the **Solid Waste** component as follows:

- Increased inspections of solid waste facilities on the North Slope.
- Increased review and evaluation of plans for solid waste storage and disposal facilities.

As a result of increased maintenance and testing of the pipeline system, there will be an increase in the volume of solid waste (sludge from pipelines) requiring temporary storage and disposal, likely through grind-and-injection facilities.

Major Component Accomplishments in 2006

The Pesticide Program successfully implemented pesticide fee regulations, required under HB 19, with a minimal decline in the number of pesticides registered in the State.

The Solid Waste Program successfully implemented a formal enforcement policy, which resulted in increased compliance with the Solid Waste Regulations.

The Solid Waste Program increased the number of facility inspections and made considerable progress in bringing facilities into compliance with surface water and groundwater monitoring requirements.

Statutory and Regulatory Authority

AS 44.46.020, AS 44.46.025, AS 46.03.100-120, AS 46.06.021, 18 AAC 15, 18 AAC 60

Contact Information

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Solid Waste Management Component Financial Summary

All dollars shown in thousands

| | FY2006 Actuals | FY2007 Management Plan | FY2008 Governor |
|------------------------------------|----------------|---------------------------|-----------------|
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 1,323.0 | 1,519.5 | 1,860.5 |
| 72000 Travel | 39.9 | 65.8 | 69.4 |
| 73000 Services | 241.3 | 285.3 | 300.7 |
| 74000 Commodities | 46.6 | 34.6 | 31.2 |
| 75000 Capital Outlay | 0.0 | 0.0 | 0.0 |
| 77000 Grants, Benefits | 0.0 | 0.0 | 0.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 1,650.8 | 1,905.2 | 2,261.8 |
| Funding Sources: | | | |
| 1002 Federal Receipts | 263.6 | 320.5 | 320.5 |
| 1003 General Fund Match | 4.0 | 4.0 | 0.3 |
| 1004 General Fund Receipts | 717.2 | 1,016.1 | 1,138.0 |
| 1005 General Fund/Program Receipts | 178.0 | 185.9 | 208.1 |
| 1007 Inter-Agency Receipts | 0.0 | 0.0 | 150.2 |
| 1156 Receipt Supported Services | 488.0 | 378.7 | 444.7 |
| Funding Totals | 1,650.8 | 1,905.2 | 2,261.8 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2006 Actuals | FY2007 Management Plan | FY2008 Governor |
|---------------------------------|------------------------------|-------------------|---------------------------|--------------------|
| Unrestricted Revenues | | | | |
| None. | | 0.0 | 0.0 | 0.0 |
| Unrestricted Total | | 0.0 | 0.0 | 0.0 |
| Restricted Revenues | | | | |
| Federal Receipts | 51010 | 263.6 | 320.5 | 320.5 |
| Interagency Receipts | 51015 | 0.0 | 0.0 | 150.2 |
| General Fund Program Receipts | 51060 | 178.0 | 185.9 | 208.1 |
| Receipt Supported Services | 51073 | 488.0 | 378.7 | 444.7 |
| Restricted Total | | 929.6 | 885.1 | 1,123.5 |
| Total Estimated Revenues | | 929.6 | 885.1 | 1,123.5 |

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2007 Management Plan | 1,206.0 | 320.5 | 378.7 | 1,905.2 |
| Adjustments which will continue current level of service: | | | | |
| -Fund Source Adjustment for Retirement Systems Increases | 0.0 | -31.7 | 31.7 | 0.0 |
| Proposed budget decreases: | | | | |
| -HB 19 Pesticide Program - Fiscal Note Implementation | -5.0 | 0.0 | -1.4 | -6.4 |
| Proposed budget increases: | | | | |
| -Oil and Gas Integrity Management | 0.0 | 0.0 | 150.2 | 150.2 |
| -FY 08 Retirement Systems Rate Increases | 145.4 | 31.7 | 35.7 | 212.8 |
| FY2008 Governor | 1,346.4 | 320.5 | 594.9 | 2,261.8 |

Solid Waste Management Personal Services Information

| Authorized Positions | | | Personal Services Costs | |
|----------------------|---|----------------------------------|----------------------------------|------------------|
| | <u>FY2007</u> <u>Management</u> <u>Plan</u> | <u>FY2008</u> <u>Governor</u> | | |
| Full-time | 21 | 22 | Annual Salaries | 1,113,337 |
| Part-time | 0 | 0 | Premium Pay | 0 |
| Nonpermanent | 0 | 0 | Annual Benefits | 843,831 |
| | | | <i>Less 4.94% Vacancy Factor</i> | (96,668) |
| | | | Lump Sum Premium Pay | 0 |
| Totals | 21 | 22 | Total Personal Services | 1,860,500 |

Position Classification Summary

| Job Class Title | Anchorage | Fairbanks | Juneau | Others | Total |
|-----------------------------|-----------|-----------|----------|----------|-----------|
| Administrative Clerk II | 0 | 0 | 0 | 1 | 1 |
| Analyst/Programmer V | 1 | 0 | 0 | 0 | 1 |
| Env Eng Associate | 1 | 0 | 0 | 0 | 1 |
| Environ Program Manager I | 1 | 1 | 0 | 0 | 2 |
| Environ Program Manager III | 1 | 0 | 0 | 0 | 1 |
| Environ Program Spec II | 1 | 1 | 1 | 2 | 5 |
| Environ Program Spec III | 3 | 1 | 1 | 3 | 8 |
| Environ Program Technician | 0 | 0 | 0 | 1 | 1 |
| Prog Coordinator | 1 | 0 | 0 | 0 | 1 |
| Research Analyst II | 1 | 0 | 0 | 0 | 1 |
| Totals | 10 | 3 | 2 | 7 | 22 |